

**PLYMOUTH COUNTY, IOWA  
Independent Auditors' Report  
Financial Statements  
And  
Supplemental Information  
Schedule of Findings and Questioned Costs  
June 30, 2007**

# PLYMOUTH COUNTY, IOWA

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# PLYMOUTH COUNTY, IOWA

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## PLYMOUTH COUNTY, IOWA

### COUNTY OFFICIALS

Name	Title	Term Expires
John Schneider	Board of Supervisors	December 31, 2008
Jim Henrich	Board of Supervisors	December 31, 2008
C. Gordon Greene	Board of Supervisors	December 31, 2010
Don Kass	Board of Supervisors	December 31, 2010
Craig Anderson	Board of Supervisors	December 31, 2010
K. Kae Meyer	County Auditor	December 31, 2008
Linda Dobson	County Treasurer	December 31, 2010
Jolynn Goodchild	County Recorder	December 31, 2010
Mike Van Otterloo	County Sheriff	December 31, 2008
Darin J. Raymond	County Attorney	December 31, 2008
Robert Heyderhoff	County Assessor	December 31, 2009



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P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Plymouth County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of PLYMOUTH COUNTY, IOWA (the County) as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Plymouth County, Iowa, as of June 30, 2007, and the change in financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not required parts of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 29, 2008 on our consideration of Plymouth County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on the major fund and aggregate remaining fund information.

The accompanying combining non-major fund financial statements, and the Schedule of Expenditures of Federal Awards which is presented for purposed of additional analysis is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
February 29, 2008

# **PLYMOUTH COUNTY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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PLYMOUTH COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE ACCRUAL ACCOUNTING AND FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDING JUNE 30, 2007. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

SOME OF THE INFORMATION PRESENTED IS NOT EASILY COMPARABLE TO PRIOR YEARS. THIS IS DUE TO THE OMISSION OF REPORTING CAPITAL ASSETS IN PRIOR YEARS. IN FUTURE YEARS, COMPARISONS WILL BE MEANINGFUL AND WILL GO FURTHER IN EXPLAINING THE COUNTY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS.

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### **2007 FINANCIAL HIGHLIGHTS**

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- The assets of the County exceeded its liabilities at the end of FY07 by \$39,187,518 (net assets)
- Plymouth County's FY07 total net assets increased by \$3,224,454 from FY06.
- At the end of FY07, Plymouth County governmental funds reported combined ending fund balances of \$5,029,397, a \$311,888 decrease from the prior year. Approximately 46% of this total amount, \$2,326,253 is available for spending at the County's discretion (unreserved fund balance)
- At the end of FY2007, unreserved fund balance for the general fund was \$1,500,039 or 32% of total general fund expenditures
- The County's total debt decreased by \$392,547. The decrease was a result of the normal scheduled principal payments on the outstanding debt.

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## USING THIS ANNUAL REPORT

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The annual report consists of a series of financial statements as well as other requirements as follows:

**Management's Discussion and Analysis** introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a statement of net assets and a statement of activities. These provide information about the activities of Plymouth County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Plymouth County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Plymouth County acts solely as an agent or custodian for the benefit of those outside of the government.

**Notes to the Financial Statements** provide more detailed data and explain some of the information in the financial statements.

**Supplemental Information** provides detailed information about the non-major special revenue and the individual fiduciary funds.

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## REPORTING THE COUNTY AS A WHOLE

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### The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **statement of net assets** presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide detailed information about individual funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Plymouth County has two types of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows in and out of those funds. These balances left at year-end are available for spending. The county has 15 governmental funds. These main governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health Fund, Rural Services Fund, Secondary Roads Fund, Local Option Sales Tax Fund, Urban Renewal Fund 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for Emergency Management Services, the County Assessor, and the Emergency 911 as a few examples.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities

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### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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As noted earlier, net assets may serve over time as a useful indicator of financial position. Plymouth County's total net assets for FY07 totaled \$39,187,518. The analysis that follows focuses on the components of net assets for the governmental activities.

### Net Assets of Governmental Activities

	2006	2007
Current and other assets	\$12,324,066	\$12,888,684
Capital assets	43,021,470	46,164,246
Total Assets	<u>55,345,536</u>	<u>59,052,930</u>
Long-term debt outstanding	12,540,314	12,147,767
Other liabilities	6,842,158	7,717,645
Total liabilities	<u>19,382,472</u>	<u>19,865,412</u>
Net assets:		
Invested in capital assets, net of related debt	38,521,470	42,069,246
Restricted	1,273,900	996,895
Unrestricted	(3,832,306)	(3,878,623)
Total net assets, restated	<u>\$35,963,064</u>	<u>\$39,187,518</u>

An insignificant portion of the County's net assets (restricted) represents resources that are subject to external restrictions on how they may be used. Unfortunately, there is not a positive balance in unrestricted net assets, which is used to meet the County's ongoing obligations to citizens and creditors. There is a negative balance due to the \$7,840,000 general obligation bond issued in 2005. This was not issued for County assets; it was for a grant awarded to Le Mars Business Initiative Corporation to be used for economic development purposes.

The County's net assets increased \$3,224,454 during the current year. This increase is attributable to factors such as: an increase in property tax revenue, an increase in charges for services, and a decrease in capital project expenditures.

Governmental Activities – Governmental activities increased the County's net assets by \$3,913,759. Key elements of this increase are as follows:

### Change in Net Assets of Governmental Activities

	2006	2007
Revenues:		
Program revenues:		
Charges for service and sales	\$ 1,363,277	\$ 1,593,857
Operating grants and contributions	5,703,996	5,411,786
Capital grants and contributions	3,848,603	6,686,197
General revenues:		
Property tax	\$ 5,485,126	\$ 5,577,297
General intergovernmental revenues	51,736	45,292
Interest & penalty on taxes	421,286	284,343
State tax credits	294,302	282,563
Local Option Sales Tax	993,751	1,014,421
Other general revenues	236,994	230,472
Total revenues	<u>\$18,396,071</u>	<u>\$21,126,228</u>

Program expenses:

Public safety and legal services	\$2,530,676	\$2,473,027
Physical health and social services	243,049	259,282
Mental health	1,565,347	1,648,187
County environment and education	673,471	719,075
Roads and transportation	6,930,193	8,943,489
Government services to residents	791,302	624,684
Administration	2,234,938	1,883,902
Non-program services	327,239	110,352
Interest on long-term debt	564,176	550,471
Total expenses	\$15,860,391	\$17,212,469
Increase in net assets	2,538,680	3,913,759
Net assets (restated with prior period adjustment)	33,424,384	35,273,759
Net assets	\$35,963,064	\$39,187,518

The following information was taken from the FY07 adopted Plymouth County budget:

Plymouth County adopted a County wide total property tax rate of 7.92549 per thousand dollars of taxable valuation in FY07.

The levy rates in the General Basic Fund were 3.50000 and 3.95000 in the Rural Basic Fund in FY07.

The MH/DD levy was set at 0.36676 per thousand dollars of taxable valuation in FY07.

The Debt Service levy was set at 0.09865 per thousand dollars of taxable valuation in FY07.

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**INDIVIDUAL MAJOR FUND ANALYSIS**

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As Plymouth County completed FY07, its budgetary governmental funds reported a combined fund balance of \$5,029,397. FY06 combined fund balances were \$5,341,285. This represents a total decrease of \$311,888.

The General Fund, as the operating fund of Plymouth County, ended FY07 with a balance of \$1,500,039. The General Fund ending fund balance in FY06 was \$833,887. This represents an increase of \$666,152. The General Fund balance is increasing. However, in order for the General Fund balance to achieve adequate reserves in the future, expenses will need to be cut or a General Basic Supplemental Fund Levy may need to be implemented.

The MH/DD Fund ended FY07 with a balance of \$22,768. The ending fund balance for FY06 was \$310,876. This represents a decrease of \$288,108. The MH/DD Fund is entirely determined by state mandated formulas. The balance has dropped from last year, and is inadequate to begin FY07. However, the State has indicated additional money will be available for counties incurring a fund balance below 10% of their expenses. If State mandates continue to determine the amount of money we can levy in this fund then cuts to services currently funded may be required.

The Rural Services Fund ended FY07 with a balance of \$301,579. The ending fund balance for FY06 was \$802,869. This represents a decrease of \$501,290. The Rural Services fund balance has decreased due to the County budgeting a large portion of the Sheriff's deputy salaries and expenses from the Rural Services fund. In the past, these were budgeted in the General Basic Fund and will need to be moved back to the General Fund to maintain a healthy fund balance in the Rural Services fund.

The Secondary Road Fund ended FY07 with a balance of \$2,178,446. The ending fund balance for FY06 was \$1,725,887. This represents an increase of \$452,559.

The Urban Renewal Fund ended FY07 with a balance of (\$1,320,833). The ending fund balance for FY06 was (\$697,338). This consists of the County's commitment to purchase property known as "Winter Feed Lots", continued expense for the County to pave Keystone Ave. and the purchase of property known as Le Mars Industrial Park 2<sup>nd</sup> addition. This increases the deficit fund balance by (\$623,495). Plymouth County electively added this fund as a major governmental fund, which has a specific community focus. The county intends to finance this deficit with future TIF revenues.

The Local Option Sales Tax Fund ended FY07 with a balance of \$1,483,675. The ending fund balance for FY06 was \$1,491,199. This represents an decrease of \$7,524.

The Debt Service Fund ended FY07 with a balance of \$296,149. The ending fund balance for FY06 was \$585,392. This represents a decrease of \$289,243. The balance is decreasing as the prior years fund balance contained the capitalized interest for the General Obligation bond payment for the Wells Corporate Center. The G.O. Bond payment in FY08 will also be made from this remaining fund balance.

### **General Fund Budgetary Highlights**

The differences between the original FY07 budget and the FY07 final amended budget resulted from one budget amendment. The amendment increased General Basic revenues by \$80,554 and increased expenses by \$82,054. The total net budgetary increase for FY07 is \$1,500. This net increase is to be budgeted from the remaining available fund balances. (Budget figures and amendments are figured on a cash basis.)

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## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

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### **Capital Assets**

At the end of FY07, Plymouth County had \$46,164,246 invested in capital assets, net of accumulated depreciation. At the end of FY06, Plymouth County had approximately \$43,021,470 invested in capital assets, net of accumulated depreciation.

<b>Capital Assets of Governmental Activities at Year End</b>		
	<b>2006</b>	<b>2007</b>
Land (capital asset not being depreciated)	\$ 405,130	\$ 891,457
Buildings and improvements	6,822,170	6,967,152
Equipment	3,176,457	3,292,170
Infrastructure	32,533,166	32,514,276
Construction in progress (capital asset not being depreciated)	84,547	2,499,191
Total Governmental Activities Capital Assets	43,021,470	46,164,246
Less: Total Capital Assets not being depreciated	(489,677)	3,390,648
Total Governmental Activities Capital Assets being depreciated, net	<u>\$ 42,531,793</u>	<u>\$ 42,773,598</u>

The County had a total accumulated depreciation expense on June 30, 2007 of \$25,089,219. Additional information on the County's capital assets can be found in Note 5 of the financial statements.

### **Long Term Debt**

At the end of FY07 Plymouth County had total bonded indebtedness of \$11,935,000, including general obligation and local option sales tax revenue bonds.

<b>Outstanding Debt of Governmental Activities at Year-End</b>		
	<b>2006</b>	<b>2007</b>
General Obligation bonds, series 1996 – Courthouse Addition	\$ 105,000	-
Sales tax revenue bonds, series 2002 – Law Enforcement	4,395,000	4,095,000
Net total of related debt to county capital assets	4,500,000	4,095,000
General obligation bonds, series 2005A – Urban Renewal	7,840,000	7,840,000
Net total outstanding debt	<u>\$12,340,000</u>	<u>\$ 11,935,000</u>

Additional information on the County's long-term debt can be found in Note 6.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Plymouth County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates, and fees that finance the various County services. The tax rate for FY08 in the Rural Basic Fund remains constant, at the 3.95000 maximum levy and the General Basic Fund remains constant at maximum levy of 3.50000 in order to properly fund operations of this fund for FY08. The General Fund ended FY07 with a \$666,152 net change in fund balance from FY06. (Plymouth County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis, while the rest of this report previous has been reported on an accrual basis.) The budget goal for the General Basic Fund is to help stabilize the General Fund Reserves. Plymouth County received a decrease of 4,302,276 of taxable valuation for FY08 compared to FY07, which reduces the amount of

property tax for the General Fund. The tax levy rate in the Debt Service Fund was reduced slightly to .09262 in FY08 from .09865 in FY07. This debt service levy is responsible for purchasing capital assets which are necessary for the operation of the County.

These factors were taken into account when adopting the budget for fiscal year 2008. The amounts available for appropriation in the General Fund are approximately \$5,577,040. The amounts available for appropriation in Special Revenue Funds are approximately \$9,762,964. The amounts available for appropriation in the Debt Service Fund are \$946,236.

If these estimates are realized, Plymouth County's General Fund balance is expected to raise at FY08 year-end. This is due in part to a \$340,000 budgetary transfer from the Local Option Sales Tax Fund. The Rural Fund balance is expected to increase in FY08 from FY07 due to revenues exceeding expenses. This is due to the fact the Sheriff deputies salaries, benefits and operating expenses have been moved back to General Basic for FY08. They were included in the Rural Services Fund in FY07 & FY06. However, they were budgeted in the General Basic Fund in FY05 and prior.

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#### CONTACTING THE COUNTY'S FINANCIAL MANAGER

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This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Plymouth County finances, and to show the County's accountability for the money it receives. This Management Discussion and Analysis was prepared by Deputy Auditor, Stacey Feldman with approval by Auditor, K. Kae Meyer. If you have questions about this report or need additional financial information, contact:

**K. Kae Meyer, Plymouth County Auditor or Stacey Feldman, Plymouth County Deputy Auditor**

**Plymouth County Auditor's Office  
215 4<sup>th</sup> Ave. SW  
Le Mars, Iowa, 51031  
Phone: (712) 546-6100  
Fax: (712) 546-5784**

#### **PLYMOUTH COUNTY BOARD OF SUPERVISORS FOR FY 06-07:**

**Don Kass    Jim Henrich    John Schneider    Gordon Greene    Craig Anderson**

**COUNTY OF PLYMOUTH, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 2,559,046
Receivables:	
Property Tax	57,309
Future Property Tax	6,273,707
Accrued Interest	32,440
Accounts	148,988
Due from Other Governmental Agencies	1,334,628
Note Receivable	1,025,000
Inventories	501,154
Prepaid Insurance	82,348
Bond Issue Costs	129,125
Restricted Assets:	
Cash and Pooled Investments	744,939
Land	891,457
Construction in Progress	2,499,191
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	42,773,598
Total Assets	<u>59,052,930</u>
<b>LIABILITIES</b>	
Accounts Payable	1,351,601
Due to Other Governmental Agencies	2,618
Unearned Revenue	9,168
Deferred Revenue - Future Property Tax	6,273,707
Accrued Interest Payable	44,193
Salaries and Benefits Payable	36,358
Long Term Liabilities:	
Due Within One Year:	
Revenue Bonds	320,000
Compensated Absences	212,767
Due in More Than One Year:	
General Obligation Bonds	7,840,000
Revenue Bonds	3,775,000
Total Liabilities	<u>19,865,412</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	42,069,246
Restricted for:	
Debt Service	996,895
Unrestricted	(3,878,623)
Total Net Assets	<u>\$ 39,187,518</u>

See Accompanying Notes to Financial Statements

**COUNTY OF PLYMOUTH, IOWA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
<b>Primary Government:</b>		
Governmental Activities:		
Public safety and legal services	\$ 2,473,027	\$ 539,598
Physical health and social services	259,282	
Mental health	1,648,187	
County environment and education	719,075	156,242
Roads and transportation	8,943,489	119,854
Government services to residents	624,684	419,726
Administration	1,883,902	11,081
Non-program services	110,352	
Debt Service	550,471	347,356
Total governmental activities	<u>\$ 17,212,469</u>	<u>\$ 1,593,857</u>

See Accompanying Notes to Financial Statements

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants Contributions	Capital Grants Contributions	Governmental Activities
\$ 1,908	\$ 59,912	\$ (1,871,609)
55,786		(203,496)
1,350,596	5,000	(292,591)
28,661		(534,172)
3,885,393	6,618,002	1,679,760
3,464	3,283	(198,211)
		(1,872,821)
85,978		(24,374)
		(203,115)
<u>\$ 5,411,786</u>	<u>\$ 6,686,197</u>	<u>\$ (3,520,629)</u>

General Revenues:

Property and other county tax levied for:

General Purposes	5,577,297
Interest and penalties on taxes	44,774
State tax credits	282,563
Local option sales tax	1,014,421
General intergovernmental revenues	45,292
Interest	239,569
Miscellaneous	230,472

Total general revenues	<u>7,434,388</u>
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Change in net assets	3,913,759
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Net assets - beginning	35,963,064
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Prior Period Adjustment	(689,305)
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Net assets - beginning, restated	<u>35,273,759</u>
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Net assets - ending	<u>\$ 39,187,518</u>
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**COUNTY OF PLYMOUTH, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2007**

	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and Pooled Investments	\$ 551,334	\$ 251,136	\$ 319,635
Receivables:			
Property Tax	54,457	525	2,152
Future Property Tax	3,458,955	363,771	2,345,481
Accrued Interest	26,895		
Accounts	21,905		
Due from Other Funds	720,969		
Due from Other Governmental Agencies	158,976	2,306	
Note Receivable			
Prepaid Insurance	82,348		
Inventories			
Restricted Assets:			
Cash and Pooled Investments			
Total Assets	5,075,839	617,738	2,667,268
<b>Liabilities and Equity</b>			
Liabilities:			
Accounts Payable	55,425	221,479	16,291
Due to Other Funds			
Due to Other Governmental Agencies	2,588		30
Deferred Revenue	53,973	9,670	2,065
Deferred Revenue - Future Property Tax	3,458,955	363,771	2,345,481
Salaries and Benefits Payable	4,859	50	1,822
Total Liabilities	3,575,800	594,970	2,365,689
Fund Balances:			
Reserved for Debt Service			
Reserved for Inventories			
Reserved for Prepaid Insurance	82,348		
Reserved for Notes Receivable			
Unreserved, designated for:			
Computers	53,554		
Unreserved for:			
General Fund	1,364,137		
Special Revenue Fund		22,768	301,579
Capital Project Fund			
Total Fund Balances (Deficit)	1,500,039	22,768	301,579
Total Liabilities and Equity	\$ 5,075,839	\$ 617,738	\$ 2,667,268

See Accompanying Notes to Financial Statements

Secondary Roads	Local Option Sales Tax	Joint Urban Renewal	Debt Service	Other Governmental Funds	Total Governmental Funds
	\$ 579,265		\$ 291,244	\$ 566,432	\$ 2,559,046
			175		57,309
			105,500		6,273,707
	147		4,900	498	32,440
\$ 122,503				4,580	148,988
1,658,111					2,379,080
240,804	159,324	\$ 771,557		1,661	1,334,628
		1,025,000			1,025,000
					82,348
501,154					501,154
	744,939				744,939
2,522,572	1,483,675	1,796,557	401,819	573,171	15,138,639
314,499		738,310		5,597	1,351,601
		2,379,080			2,379,080
					2,618
			170		65,878
			105,500		6,273,707
29,627					36,358
344,126	-	3,117,390	105,670	5,597	10,109,242
501,154	744,939		296,149		1,041,088
					501,154
					82,348
		1,025,000			1,025,000
					53,554
					1,364,137
1,677,292	738,736	(2,345,833)		501,108	895,650
				66,466	66,466
2,178,446	1,483,675	(1,320,833)	296,149	567,574	5,029,397
\$ 2,522,572	\$ 1,483,675	\$ 1,796,557	\$ 401,819	\$ 573,171	\$ 15,138,639

See Accompanying Notes to Financial Statements

PLYMOUTH COUNTY, IOWA  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2007

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*Amounts reported for governmental activities in the statement of net assets are different because:*

Total Fund Balance - Governmental Funds (page 18)		\$	5,029,397
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.			46,164,246
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.			56,710
Accrued expenses from the balance sheet that require current financial resources for governmental activities.			(44,193)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.			129,125
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Revenue Bonds	(4,095,000)		
General Obligation Bonds	(7,840,000)		
Compensated Absences	(212,767)		(12,147,767)
Total Net Assets - Governmental Activities (page 14)		\$	<u>39,187,518</u>

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**COUNTY OF PLYMOUTH, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**Year Ended June 30, 2007**

	<b>General</b>	<b>Mental Health</b>	<b>Rural Services</b>
Revenue:			
Property and other county taxes	\$ 3,323,932	\$ 347,198	\$ 2,202,318
Interest and penalties on taxes	44,774		
Intergovernmental	464,720	994,008	129,261
Licenses and permits	50		16,965
Charges for services	883,090		9,075
Use of money and property	324,982		
Miscellaneous	102,218	9,390	549
Total Revenue	5,143,766	1,350,596	2,358,168
Expenditures:			
Current operating:			
Public safety and legal services	1,856,071		601,033
Physical health and social services	237,778		16,887
Mental Health		1,638,704	
County environment and education	392,847		382,954
Roads and transportation			
Government services to residents	599,872		
Administration	1,521,173		24,584
Non-program services	110,352		
Capital projects			
Debt service:			
Principal			
Interest			
Total Expenditures	4,718,093	1,638,704	1,025,458
Excess (deficiency) of revenues over expenditures	425,673	(288,108)	1,332,710
Other financing sources (uses):			
Transfers in	210,000		30,000
Transfers (out)	(30,000)		(1,864,000)
Insurance Recoveries	59,912		
Total other financing sources (uses)	239,912	-	(1,834,000)
Net Change in Fund Balances	665,585	(288,108)	(501,290)
Fund balances (deficits) - beginning of year	833,887	310,876	802,869
Prior Period Adjustment			
Fund balances - beginning of year, restated	833,887	310,876	802,869
Increase (Decrease) in Reserve for:			
Prepaid Insurance	567		
Inventory			
Fund balances (deficits) - end of year	\$ 1,500,039	\$ 22,768	\$ 301,579

See Accompanying Notes to Financial Statements

Secondary Roads	Local Option Sales Tax	Joint Urban Renewal	Debt Service	Other Governmental Funds	Total Governmental Funds
	\$ 1,014,421		\$ 105,917	\$ 45,111	\$ 7,038,897
					44,774
\$ 5,009,856	3,283	\$ 1,061,064	219,090	25,789	7,907,071
3,900					20,915
2,793				5,932	900,890
64,691	8,669		22,349	6,335	427,026
161,656		3,074		11,445	288,332
5,242,896	1,026,373	1,064,138	347,356	94,612	16,627,905
				29,580	2,486,684
				1,133	255,798
					1,638,704
				3,188	778,989
5,326,283		1,785,828		12,434	7,124,545
				18,160	618,032
	219,942	1,805		46,229	1,813,733
					110,352
1,167,742				4,827	1,172,569
			405,000		405,000
			545,554		545,554
6,494,025	219,942	1,787,633	950,554	115,551	16,949,960
(1,251,129)	806,431	(723,495)	(603,198)	(20,939)	(322,055)
1,854,000			313,955	300,000	2,707,955
	(813,955)				(2,707,955)
					59,912
1,854,000	(813,955)	-	313,955	300,000	59,912
602,871	(7,524)	(723,495)	(289,243)	279,061	(262,143)
1,725,887	1,491,199	(697,338)	585,392	288,513	5,341,285
		100,000			100,000
1,725,887	1,491,199	(597,338)	585,392	288,513	5,441,285
					567
(150,312)					(150,312)
\$ 2,178,446	\$ 1,483,675	\$ (1,320,833)	\$ 296,149	\$ 567,574	\$ 5,029,397

See Accompanying Notes to Financial Statements

**COUNTY OF PLYMOUTH, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2007**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 21)	\$ (262,143)
------------------------------------------------------------------	--------------

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	6,075,034	
Depreciation Expense	<u>(2,137,282)</u>	3,937,752

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources	(5,671)
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

Revenues reported in the funds that are not available to provide current financial resources	5,936
----------------------------------------------------------------------------------------------	-------

Accrued interest expense that does not require current financial resources	1,991
----------------------------------------------------------------------------	-------

Inventories and insurance in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding asset is exhausted.	(149,745)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	(6,908)
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Compensated absences that do not require current financial resources.	(12,453)
-----------------------------------------------------------------------	----------

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	<u>405,000</u>
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Change in net assets of governmental activities (page 16)	<u><u>\$ 3,913,759</u></u>
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COUNTY OF PLYMOUTH, IOWA  
STATEMENT OF FIDUCIARY NET ASSETS  
Fiduciary Funds  
JUNE 30, 2007

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**ASSETS**

Cash and Pooled Investments	\$	1,535,325
Receivables:		
Property Tax		47,776
Future Property Tax		24,413,836
Assessments		4,742
Accounts		35,910
Accrued Interest		1,023
Due from Other Governments		11,827
<b>Total Assets</b>		<u>26,050,439</u>

**LIABILITIES**

Accounts Payable		12,643
Due to Other Governments		26,033,003
Compensated Absences		3,966
Salaries and Benefits Payable		827
<b>Total Liabilities</b>	\$	<u>26,050,439</u>

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**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 1 - Summary of Significant Accounting Policies**

The County of Plymouth, Iowa (the County) is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Recorder, Treasurer, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, general administrative services, and economic development.

The County's Financial Statements are prepared in accordance with the U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. The more significant accounting policies established by GAAP and used by the County are discussed below.

**A. Reporting Entity**

For financial reporting purposes, the County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Plymouth County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations for which the County is not financially accountable or that the nature and significance of the relationship with the County are such that exclusion does not cause the County's financial statements to be misleading or incomplete. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Plymouth County Assessor's Conference Board, Plymouth County and Municipal Joint Disaster Services Commission, and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported as Agency Funds of the County.

**B. Basic Financial Statements – Government-Wide Statements**

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County has no business-type activities.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 1 - Summary of Significant Accounting (Continued)**

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

**C. Basis of Presentation - Fund Accounting**

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. Nonmajor funds are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The County electively added funds, as major funds, which had a specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

- 1) General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 1 - Summary of Significant Accounting (Continued)**

2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and used for county infrastructure and county improvements.

The Joint Urban Renewal Fund is used to account for the TIF dollars that will be generated by a new TIF district established in Plymouth County.

3) Debt Service Fund – The Debt Service Fund is used to account for the payment of interest and principal on the County's general long-term debt.

Fiduciary Fund Types - Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the county, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

---

**Note 1 - Summary of Significant Accounting (Continued)**

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the non-program and debt service functions.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund's equity in the county's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

<u>Type</u>	<u>Method</u>
Certificates of Deposit	Cost
Iowa Public Agency Investment Trust	Fair value determined by current share price

- G. Property Tax Receivable - The County's property tax rates were extended against the assessed valuation of the County as of January 1, 2005 to compute the amounts for the accrual period July 1, 2006 to June 30, 2007. These taxes were due and payable in two installments on September 30, 2006 and March 31, 2007 at the County Treasurer's Office. Property tax receivable represents taxes that are due and payable but have not been collected.
- H. Future Property Taxes Receivable – This represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Although the succeeding year property tax receivable has been recorded, for governmental funds the revenue is recorded as unearned revenue and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due from other governments.

- I. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 1 - Summary of Significant Accounting (Continued)**

- J. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.
- K. Due to/from Other Governments - Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- L. Inventories - Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.
- M. Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end as well as unspent grant proceeds.
- N. Landfill – The County participates in a 28E agreement with Plymouth County Solid Waste Agency and therefore, is not required to account for landfill post closure costs.
- O. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absence liability attributable to the governmental activities will be paid primarily by General and Secondary Roads Funds.
- P. Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums and discounts on new debt issued are reported as an other financing source or use.

- Q. Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use a specific purpose.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 1 - Summary of Significant Accounting (Continued)**

R. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for equipment, \$25,000 for land and buildings, and \$65,000 for infrastructure. Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 - 75 Years
Infrastructure	10 - 65 Years
Machinery and Equipment	5 - 20 Years

**Note 2 - Deposits and Pooled Investments**

The County's deposits at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Investment Trust which are valued at an amortized cost of \$70,001 pursuant to Rule 2a-7 under the Investment Company Act of 1940. This investment is not rated. The County had no other investments meeting the definition of GASB Statement 40.

**Note 3 - Interfund Receivables and Payables**

The detail of interfund receivables and payables at June 30, 2007 is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Secondary Roads	Joint Urban Renewal	\$ 1,658,111
General Basic	Joint Urban Renewal	720,969

The purpose of the interfund balances is to help finance short-term cash flow shortages.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 4 - Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

	General	Rural Services	Local Option Sales Tax	<u>Total</u> Transfer In:
General		\$ 10,000	\$ 200,000	\$ 210,000
Secondary Roads		1,854,000		1,854,000
Rural Services	\$ 30,000			30,000
Debt Service Fund			313,955	313,955
Non-Major			300,000	300,000
<b>Transfer Out:</b>	<b>\$ 30,000</b>	<b>\$ 1,864,000</b>	<b>\$ 813,955</b>	<b>\$2,707,955</b>

Transfers are used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.
2. Move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note - 5 Capital Assets**

A summary of changes in capital assets is as follows:

	Balance July 1, 2006	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2007
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 405,130	\$ 477,456	\$ 8,871		\$ 891,457
Construction in Progress	84,547	12,442	2,687,979	\$ 285,777	2,499,191
Total capital assets not being depreciated	489,677	489,898	2,696,850	285,777	3,390,648
Capital assets being depreciated:					
Buildings	7,630,688	279,750	26,845		7,937,283
Equipment	6,785,842	(38,760)	513,860	131,839	7,129,103
Infrastructure	51,948,408	(2,275,233)	3,123,256		52,796,431
Total capital assets being depreciated	66,364,938	(2,034,243)	3,663,961	131,839	67,862,817
Less accumulated depreciation for:					
Buildings	808,518	37,300	124,313		970,131
Equipment	3,609,385	(32,760)	386,476	126,168	3,836,933
Infrastructure	19,415,242	(759,580)	1,626,493		20,282,155
Total accumulated depreciation	23,833,145	(755,040)	2,137,282	126,168	25,089,219
Total capital assets being depreciated, net	42,531,793	(1,279,203)	1,526,679	5,671	42,773,598
Governmental activities capital assets, net	\$ 43,021,470	\$ (789,305)	\$ 4,223,529	\$ 291,448	\$ 46,164,246

Depreciation expense was charged to the functions as follows:

Public safety and legal services	\$ 41,979
Physical health and social services	3,434
Mental health	9,325
County environment and education	18,736
Roads and transportation	1,937,850
Government services to residents	4,804
Administration	121,154
	<u>\$ 2,137,282</u>

**Reconciliation of Invested in Capital Assets:**

	Governmental Activities
Land	\$ 891,457
Construction	2,499,191
Capital Assets (net of accumulated depreciation)	42,773,598
Less: Revenue Bonds	<u>(4,095,000)</u>
Invested in Capital Assets, Net of Related Debt	<u>\$ 42,069,246</u>

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note - 6 Long-Term Liabilities**

The County's computed legal debt limit as of June 30, 2007, is \$81,742,389 of which \$7,840,000 is committed for outstanding general obligation bonds.

The following is a summary of changes in long-term liability for the year ended June 30, 2007:

	General Obligation Bonds	L.O.S.T. Revenue Bonds	Compensated Absences	Total
Balance Beginning of Year	\$ 7,945,000	\$ 4,395,000	\$ 200,314	\$12,540,314
Increases	-	-	212,767	212,767
Decreases	105,000	300,000	200,314	605,314
Balance End of Year	<u>\$ 7,840,000</u>	<u>\$ 4,095,000</u>	<u>\$ 212,767</u>	<u>\$12,147,767</u>
Due Within One Year	\$ -	\$ 320,000	\$ 212,767	\$ 532,767

**Bonds Payable**

A summary of the County's June 30, 2007 general obligation and local option sales tax revenue bond indebtedness is as follows:

	Date Of Issue	Interest Rates	Annual Payments	Amount Originally Issued	Outstanding June 30, 2007
<i>Sales Tax Revenue Bonds:</i>					
Series 2002	2002	4.75 – 6.30%	\$320,000 - \$510,000	\$5,400,000	\$4,095,000
<i>General Obligation</i>					
<i>Urban Renewal Bonds:</i>					
Series 2005A	2005	3.15 – 4.40%	\$310,000 - \$630,000	\$7,840,000	7,840,000
					<u>\$ 11,935,000</u>

In June 2005, the County issued \$7,840,000 of General Obligation Urban Renewal Bonds to be used for economic development purposes in Plymouth County. The bonds will be repaid with future TIF revenues generated from the increased tax base.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note - 6 Long-Term Liabilities (Continued)**

The annual requirements to amortize all bonds outstanding as of June 30, 2007, are as follows:

<b>Fiscal Year</b>	<b>General Obligation Principal</b>	<b>Sales Tax Revenue Bond Principal</b>	<b>Interest</b>	<b>Total</b>
2008	-	320,000	520,235	840,235
2009	310,000	340,000	502,080	1,152,080
2010	325,000	360,000	475,330	1,160,330
2011	345,000	375,000	446,227	1,166,227
2012	370,000	395,000	414,683	1,179,683
2013-2017	2,110,000	2,305,000	1,507,929	5,922,924
2018-2022	2,565,000	-	724,125	3,289,125
2023-2025	1,815,000	-	160,735	1,975,735
	<u>\$ 7,840,000</u>	<u>\$ 4,095,000</u>	<u>\$ 4,751,344</u>	<u>\$ 16,686,343</u>

\$1,041,088 is available to service the General Obligation and Sales Tax Revenue Bonds. The general obligation bonds are to be retired through property tax levies. The Sales Tax

Revenue Bonds are to be retired through local option sales tax revenue and contributions from surrounding communities pursuant to a 28E agreement.

There are a number of limitations and restrictions contained in the various bond indentures creating certain reserve and sinking funds to insure repayment of the revenue bonds. A summary of the fund requirements is as follows:

<b>Special Revenue</b>	<b>Type of Account</b>	<b>Required Balance June 30, 2007</b>	<b>Actual Balance June 30, 2007</b>
Local Option Sales Tax	Sinking Fund	\$ 204,939	\$ 204,939*
Local Option Sales Tax	Reserve Fund	\$ 540,000	\$ 540,000*

\*Amounts are classified as restricted assets on the combined balance sheet.

**Note 7 - Risk Management**

Plymouth County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 7 - Risk Management (Continued)**

Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2007 were \$215,072.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 7 - Risk Management (Continued)**

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

**Note 8 - Pension and Retirement (Continued)**

Iowa Public Employees Retirement System – The County contributed to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by the state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA 50306-9117

Plan members are required to contribute 3.7% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute on actuarially defined contribution rate. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$270,143, \$259,868, and \$240,599, respectively, equal to the required contributions for each year.

**Note 9 - 28E Agreement**

During the year ended June 30, 2002, the County entered into several 28E Agreements with the communities in the County to contribute funds for the construction of a County jail from local option sales tax proceeds. The communities agreed to contribute a total of \$3,227,696 through November 2016. As of June 30, 2007, the communities have made payments totaling \$1,090,100.

**Note 10 - Contingencies**

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2007, the County estimates that no material liabilities will result from such audits.

The County is a defendant in a number of lawsuits in its normal course of operations. The outcome of these lawsuits is not presently determinable and an estimate of possible losses cannot be made.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 11 - Commitments**

The County has entered into several construction contracts totaling \$1,076,685 for bridge and culvert construction and roadway paving. As of June 30, 2007 costs of \$999,663 had been incurred against the contracts. The balance of \$77,023 will be paid as work on the projects progress.

**Note 12 - Deficit Fund Balances**

The County has one fund with a deficit fund balance at June 30, 2007. The County intends to finance this deficit from future TIF revenues.

The individual fund deficit was as follows:

Special Revenue – Joint Urban Renewal     \$ 1,320,833

**Note 13- Prior Period Adjustment**

During the calculation of fixed assets in the prior year there were errors made. The table below summarizes the adjustments required:

	Under-statement (over-statement) cost	Accumulated Depreciation	Net of Accumulated Depreciation
Land	\$ 477,456		\$ 477,456
Construction in Progress	12,442		12,442
Buildings	279,750	\$ 37,300	242,450
Equipment	(38,760)	(32,760)	(6,000)
Infrastructure	(2,275,233)	(759,580)	(1,515,653)
Total (over-statement)	\$ (1,544,345)	\$ (755,040)	\$ (789,305)

For the year ended June 30, 2006, an error was made in accounting for activity in the Joint Urban Renewal Fund. \$100,000 had been recorded as an expense and should have been recorded as a note receivable. The error has been corrected and has had the following effect on the beginning fund balance.

Beginning Fund Balance, As previously reported	\$ (697,338)
Prior Period Adjustment	100,000
Beginning Fund Balance, As corrected	<u>\$ (597,338)</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF PLYMOUTH, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Amended	(Cash Basis)	Final Budget
				Positive
				(Negative)
Revenue:				
Property and other county taxes	\$ 6,991,192	\$ 7,037,792	\$ 7,035,909	\$ (1,883)
Interest and penalties on taxes	45,744	45,744	45,212	(532)
Intergovernmental	6,208,109	7,566,683	7,438,543	(128,140)
Licenses and permits	18,600	18,600	20,915	2,315
Charges for services	954,930	954,930	922,604	(32,326)
Use of money and property	314,438	316,052	421,082	105,030
Miscellaneous	213,931	223,611	210,445	(13,166)
Total Revenue	14,746,944	16,163,412	16,094,710	(68,702)
Expenditures:				
Current operating:				
Public safety and legal services	2,552,207	2,591,861	2,497,875	93,986
Physical health and social services	265,334	265,334	251,757	13,577
Mental Health	1,808,155	1,640,155	1,615,549	24,606
County environment and education	811,898	839,343	786,240	53,103
Roads and transportation	5,455,500	7,391,360	6,090,514	1,300,846
Government services to residents	671,192	671,192	617,336	53,856
Administration	2,505,096	2,976,591	2,770,636	205,955
Non-program services	-	-	165,146	(165,146)
Debt service	950,254	950,254	950,554	(300)
Capital projects	1,532,157	1,532,157	1,214,896	317,261
Total Expenditures	16,551,793	18,858,247	16,960,503	1,897,744
(Deficiency) of revenues over expenditures	(1,804,849)	(2,694,835)	(865,793)	1,829,042
Other financing sources (uses):				
Transfers in	2,782,956	2,782,956	2,717,955	(65,001)
Transfers out	(2,782,956)	(2,782,956)	(2,717,955)	65,001
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,804,849)</u>	<u>\$ (2,694,835)</u>	<u>(865,793)</u>	<u>\$ 1,829,042</u>
Balance beginning of year			4,169,778	
Balance end of year			<u>\$ 3,303,985</u>	

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2007**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized in the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$2,306,454. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During fiscal year 2007, the County had one budget amendment. The amendment is as follows:

<u>Function</u>	<u>Original Budget</u>	<u>Amendment</u>	<u>Amended Budget</u>
Public Safety and Legal Services	\$ 2,552,207	\$ 39,654	\$ 2,591,861
Physical Health and Social Services	265,334	-	265,334
Mental Health	1,808,155	(168,000)	1,640,155
County Environment	811,898	27,445	839,343
Roads and Transportation	5,455,500	1,935,860	7,391,360
Government Services to Residents	671,192	-	671,192
Administration	2,505,096	471,495	2,976,591
Capital Projects	1,532,157	-	1,532,157
Debt Service	950,254	-	950,254
Total	<u>\$ 16,551,793</u>	<u>\$ 2,306,454</u>	<u>\$ 18,858,247</u>

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2007**

During the year ended June 30, 2007, disbursements exceeded the amount budgeted for the non-program and debt service function areas.

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2006-07 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

<b>Governmental Funds</b>			
	<b>Cash Basis</b>	<b>Total Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 16,094,710	\$ 533,195	\$ 16,627,905
Expenditures	16,960,503	314,457	17,274,960
Other Financing Sources	-	59,912	59,912
Net	(865,793)	278,650	(587,143)
Beginning Fund Balance	4,169,778	1,171,507	5,341,285
Increase in Reserve for Prepaid Insurance	-	567	567
Increase in Reserve for Inventory	-	(150,312)	(150,312)
Ending Fund Balance	<u>\$ 3,303,985</u>	<u>\$ 1,300,412</u>	<u>\$ 4,604,397</u>

## OTHER SUPPLEMENTARY INFORMATION

COUNTY OF PLYMOUTH, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2007

	Special Revenue Funds				
	Revolving Loan Fund	Veteran Affairs County Grant	County Attorney Collection Incentive	Recorder's Records Management Fund	REAP
<b>Assets</b>					
Cash and Pooled Investments	\$ 300,000		\$ 3,626	\$ 21,591	\$ 52,261
Receivables:					
Accrued Interest				42	82
Accounts			4,580		
Due from Other Governmental Agencies		\$ 1,133		528	
<b>Total Assets</b>	<u>300,000</u>	<u>1,133</u>	<u>8,206</u>	<u>22,161</u>	<u>52,343</u>
<b>Liabilities and Equity</b>					
<b>Liabilities:</b>					
Accounts Payable		1,133			1,008
<b>Total Liabilities</b>	<u>-</u>	<u>1,133</u>	<u>-</u>	<u>-</u>	<u>1,008</u>
<b>Fund Balances:</b>					
Special Revenue Fund	300,000		8,206	22,161	51,335
Capital Project Fund					
<b>Total Fund Balances</b>	<u>300,000</u>	<u>-</u>	<u>8,206</u>	<u>22,161</u>	<u>51,335</u>
<b>Total Liabilities and Equity</b>	<u>\$ 300,000</u>	<u>\$ 1,133</u>	<u>\$ 8,206</u>	<u>\$ 22,161</u>	<u>\$ 52,343</u>

Special Revenue Funds				
Forfeiture Fund	County TIF	Conservation Land Acquisition	Capital Projects	Total
\$ 87,814		\$ 34,857	\$ 66,283	\$ 566,432
191			183	498
				4,580
				1,661
88,005	-	34,857	66,466	573,171
956		2,500		5,597
956	-	2,500	-	5,597
87,049		32,357		501,108
			66,466	66,466
87,049	-	32,357	66,466	567,574
\$ 88,005	\$ -	\$ 34,857	\$ 66,466	\$ 573,171

**COUNTY OF PLYMOUTH, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**YEAR ENDED JUNE 30, 2007**

	Special Revenue Funds				
	Revolving Loan Fund	Veteran Affairs County Grant	County Attorney Collection Incentive	Recorder's Records Management Fund	REAP
Revenue:					
Property and other county taxes					
Intergovernmental		\$ 1,133	\$ 8,206		\$ 15,917
Charges for services				\$ 5,932	
Use of money and property				601	924
Miscellaneous					
Total Revenue	-	1,133	8,206	6,533	16,841
Expenditures:					
Current operating:					
Public safety and legal services					
Physical health and social services		1,133			
County environment and education					1,858
Government services to residents				18,160	
Administration					
Capital projects					
Total Expenditures	-	1,133	-	18,160	1,858
Excess (Deficiency) of revenues over expenditures	-	-	8,206	(11,627)	14,983
Other financing sources (uses):					
Transfers in	\$ 300,000				
Total other financing sources (uses)	300,000	-	-	-	-
Net Change in Fund Balances	300,000	-	8,206	(11,627)	14,983
Fund balances - beginning of year	-	-	-	33,788	36,352
Fund balances - end of year	\$ 300,000	\$ -	\$ 8,206	\$ 22,161	\$ 51,335

Special Revenue Funds				
Forfeiture Fund	County TIF	Conservation Land Acquisition	Capital Projects	Total
	\$45,111			\$ 45,111
		\$ 533		25,789
				5,932
\$ 2,408			\$ 2,402	6,335
11,445				11,445
13,853	45,111	533	2,402	94,612
29,580				29,580
				1,133
1,330				3,188
				18,160
	46,229			46,229
			4,827	4,827
30,910	46,229	12,434	4,827	115,551
(17,057)	(1,118)	(11,901)	(2,425)	(20,939)
				300,000
-	-	-	-	300,000
(17,057)	(1,118)	(11,901)	(2,425)	279,061
104,106	1,118	44,258	68,891	288,513
\$ 87,049	\$ -	\$ 32,357	\$ 66,466	\$ 567,574

**COUNTY OF PLYMOUTH, IOWA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**Agency Funds**  
**JUNE 30, 2007**

	County Recorder	County Sheriff	Ag Extension Education	County Assessor
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 78,154	\$ 7,842	\$ 2,126	\$ 188,898
Receivables:				
Property Tax			256	894
Future Property Tax			177,000	620,451
Assessments				
Accounts	187			
Accrued Interest				385
Due from Other Governments				
Total Assets	<u>78,341</u>	<u>7,842</u>	<u>179,382</u>	<u>810,628</u>
<b>LIABILITIES</b>				
Accounts Payable				56
Due to Other Governments	78,341	7,842	179,382	808,285
Compensated Absences				2,287
Salaries and Benefits Payable				
Total Liabilities	<u>\$ 78,341</u>	<u>\$ 7,842</u>	<u>\$ 179,382</u>	<u>\$ 810,628</u>

Schools	Area Schools	Corporations	Townships	City Special Assessments
\$ 167,941	\$ 8,657	\$ 60,114	\$ 3,846	\$ 2,797
20,689	1,048	24,641	244	
13,523,111	836,016	8,983,663	270,139	4,742
13,711,741	845,721	9,068,418	274,229	7,539
13,711,741	845,721	9,068,418	274,229	7,539
\$ 13,711,741	\$ 845,721	\$ 9,068,418	\$ 274,229	\$ 7,539

(continued)

**COUNTY OF PLYMOUTH, IOWA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS (Continued)**  
**Agency Funds**  
**JUNE 30, 2007**

	Auto License-Use Tax	Joint Disaster	Brucellosis & Tuberculosis Eradication	Tax Redemption
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 500,502	\$ 12,205	\$ 49	\$ 35,786
Receivables:				
Property Tax			4	
Future Property Tax Assessments			3,456	
Accounts				
Accrued Interest				
Due from Other Governments		1,478		
Total Assets	500,502	13,683	3,509	35,786
<b>LIABILITIES</b>				
Accounts Payable		350		
Due to Other Governments	500,502	11,654	3,509	35,786
Compensated Absences		1,679		
Salaries and Benefits Payable				
Total Liabilities	\$ 500,502	\$ 13,683	\$ 3,509	\$ 35,786

Emergency 911	Future Tax Payment	Recorder's Electronic Fee Fund	Drainage Districts	Total
\$ 377,480	\$ 69,119	\$ 521	\$ 19,288	\$ 1,535,325
				47,776
				24,413,836
				4,742
35,723				35,910
638				1,023
9,821		528		11,827
423,662	69,119	1,049	19,288	26,050,439
12,237				12,643
410,598	69,119	1,049	19,288	26,033,003
				3,966
827				827
\$ 423,662	\$ 69,119	\$ 1,049	\$ 19,288	\$ 26,050,439

COUNTY OF PLYMOUTH, IOWA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Agency Funds  
Year Ended June 30, 2007

	Balance June 30, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
<b>County Recorder</b>				
<i>Assets</i>				
Cash and Pooled Investments	\$ 73,691	\$ 493,194	\$ 488,731	\$ 78,154
Accounts Receivable	64	187	64	187
Total Assets	<u>73,755</u>	<u>493,381</u>	<u>488,795</u>	<u>78,341</u>
<i>Liabilities</i>				
Due to Other Funds	-	-	-	-
Due to Other Governments	73,755	493,381	488,795	78,341
Total Liabilities	<u>73,755</u>	<u>493,381</u>	<u>488,795</u>	<u>78,341</u>
<b>County Sheriff</b>				
<i>Assets</i>				
Cash and Pooled Investments	7,560	120,174	119,892	7,842
Total Assets	<u>7,560</u>	<u>120,174</u>	<u>119,892</u>	<u>7,842</u>
<i>Liabilities</i>				
Account Payable	-	1,895	-	1,895
Due to Other Governments	7,560	118,279	119,892	5,947
Total Liabilities	<u>7,560</u>	<u>118,279</u>	<u>119,892</u>	<u>7,842</u>
<b>Agricultural Extension Education</b>				
<i>Assets</i>				
Cash and Pooled Investments	2,327	171,338	171,539	2,126
Property Tax Receivable	258	256	258	256
Future Property Tax Receivable	170,997	177,000	170,997	177,000
Total Assets	<u>173,582</u>	<u>348,594</u>	<u>342,794</u>	<u>179,382</u>
<i>Liabilities</i>				
Due to Other Governments	173,582	348,594	342,794	179,382
Total Liabilities	<u>173,582</u>	<u>348,594</u>	<u>342,794</u>	<u>179,382</u>
<b>County Assessor</b>				
<i>Assets</i>				
Cash and Pooled Investments	78,417	626,643	516,162	188,898
Property Tax Receivable	903	894	903	894
Future Property Tax Receivable	621,003	620,451	621,003	620,451
Accrued Interest	110	385	110	385
Total Assets	<u>700,433</u>	<u>1,248,373</u>	<u>1,138,178</u>	<u>810,628</u>
<i>Liabilities</i>				
Accounts Payable	46	56	46	56
Compensated Absences	2,123	2,287	2,123	2,287
Due to Other Governments	698,264	1,269,665	1,159,644	808,285
Total Liabilities	<u>\$ 700,433</u>	<u>\$ 1,272,008</u>	<u>\$ 1,161,813</u>	<u>\$ 810,628</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (Continued)  
Agency Funds  
Year Ended June 30, 2007

	Balance June 30, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
<b>Schools</b>				
<i>Assets</i>				
Cash and Pooled Investments	\$ 181,370	\$ 13,153,275	\$ 13,166,704	\$ 167,941
Property Tax Receivable	21,289	20,689	21,289	20,689
Future Property Tax Receivable	13,128,228	13,523,111	13,128,228	13,523,111
Total Assets	<u>13,330,887</u>	<u>26,697,075</u>	<u>26,316,221</u>	<u>13,711,741</u>
<i>Liabilities</i>				
Due to Other Governments	<u>13,330,887</u>	<u>26,697,075</u>	<u>26,316,221</u>	<u>13,711,741</u>
Total Liabilities	<u>13,330,887</u>	<u>26,697,075</u>	<u>26,316,221</u>	<u>13,711,741</u>
<b>Area Schools</b>				
<i>Assets</i>				
Cash and Pooled Investments	9,118	810,039	810,500	8,657
Property Tax Receivable	1,054	1,048	1,054	1,048
Future Property Tax Receivable	808,657	836,016	808,657	836,016
Total Assets	<u>818,829</u>	<u>1,647,103</u>	<u>1,620,211</u>	<u>845,721</u>
<i>Liabilities</i>				
Due to Other Governments	<u>818,829</u>	<u>1,647,103</u>	<u>1,620,211</u>	<u>845,721</u>
Total Liabilities	<u>818,829</u>	<u>1,647,103</u>	<u>1,620,211</u>	<u>845,721</u>
<b>Corporations</b>				
<i>Assets</i>				
Cash and Pooled Investments	84,703	7,945,520	7,970,109	60,114
Property Tax Receivable	19,296	24,641	19,296	24,641
Future Property Tax Receivable	7,926,185	8,983,663	7,926,185	8,983,663
Total Assets	<u>8,030,184</u>	<u>16,953,824</u>	<u>15,915,590</u>	<u>9,068,418</u>
<i>Liabilities</i>				
Due to Other Governments	<u>8,030,184</u>	<u>16,953,824</u>	<u>15,915,590</u>	<u>9,068,418</u>
Total Liabilities	<u>8,030,184</u>	<u>16,953,824</u>	<u>15,915,590</u>	<u>9,068,418</u>
<b>Townships</b>				
<i>Assets</i>				
Cash and Pooled Investments	3,826	265,393	265,373	3,846
Property Tax Receivable	235	244	235	244
Future Property Tax Receivable	265,329	270,139	265,329	270,139
Total Assets	<u>269,390</u>	<u>535,776</u>	<u>530,937</u>	<u>274,229</u>
<i>Liabilities</i>				
Due to Other Governments	<u>269,390</u>	<u>535,776</u>	<u>530,937</u>	<u>274,229</u>
Total Liabilities	<u>\$ 269,390</u>	<u>\$ 535,776</u>	<u>\$ 530,937</u>	<u>\$ 274,229</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (Continued)  
Agency Funds  
Year Ended June 30, 2007

	Balance June 30, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
<b>City Special Assessments</b>				
<i><b>Assets</b></i>				
Cash and Pooled Investments	\$ 2,718	\$ 13,254	\$ 13,175	\$ 2,797
Assessments Receivable	12,205	4,742	12,205	4,742
Total Assets	<u>14,923</u>	<u>17,996</u>	<u>25,380</u>	<u>7,539</u>
<i><b>Liabilities</b></i>				
Due to Other Governments	14,923	17,996	25,380	7,539
Total Liabilities	<u>14,923</u>	<u>17,996</u>	<u>25,380</u>	<u>7,539</u>
<b>Auto License and Use Tax</b>				
<i><b>Assets</b></i>				
Cash and Pooled Investments	514,812	6,097,767	6,112,077	500,502
Total Assets	<u>514,812</u>	<u>6,097,767</u>	<u>6,112,077</u>	<u>500,502</u>
<i><b>Liabilities</b></i>				
Due to Other Governments	514,812	6,097,767	6,112,077	500,502
Total Liabilities	<u>514,812</u>	<u>6,097,767</u>	<u>6,112,077</u>	<u>500,502</u>
<b>Joint Disaster</b>				
<i><b>Assets</b></i>				
Cash and Pooled Investments	28,324	95,669	111,788	12,205
Due from Other Governments	13,860	1,478	13,860	1,478
Total Assets	<u>42,184</u>	<u>97,147</u>	<u>125,648</u>	<u>13,683</u>
<i><b>Liabilities</b></i>				
Accounts Payable	44	350	44	350
Compensated Absences	898	1,679	898	1,679
Due to Other Governments	41,242	82,736	112,324	11,654
Total Liabilities	<u>42,184</u>	<u>84,765</u>	<u>113,266</u>	<u>13,683</u>
<b>Brucellosis and Tuberculosis Eradication</b>				
<i><b>Assets</b></i>				
Cash and Pooled Investments	52	6,492	6,495	49
Property Tax Receivable	6	4	6	4
Future Property Tax	3,967	3,456	3,967	3,456
Total Assets	<u>4,025</u>	<u>9,952</u>	<u>10,468</u>	<u>3,509</u>
<i><b>Liabilities</b></i>				
Due to Other Governments	4,025	9,952	10,468	3,509
Total Liabilities	<u>\$ 4,025</u>	<u>\$ 9,952</u>	<u>\$ 10,468</u>	<u>\$ 3,509</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (Continued)  
Agency Funds  
Year Ended June 30, 2007

	Balance June 30, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
<b>Tax Redemption</b>				
<b>Assets</b>				
Cash and Pooled Investments	\$ 39,636	\$ 224,512	\$ 228,362	\$ 35,786
Total Assets	<u>39,636</u>	<u>224,512</u>	<u>228,362</u>	<u>35,786</u>
<b>Liabilities</b>				
Due to Other Governments	39,636	224,512	228,362	35,786
Total Liabilities	<u>39,636</u>	<u>224,512</u>	<u>228,362</u>	<u>35,786</u>
<b>E-911</b>				
<b>Assets</b>				
Cash and Pooled Investments	274,456	208,835	105,811	377,480
Accounts Receivable	44,998	35,723	44,998	35,723
Accrued Interest	651	638	651	638
Due from Other Governments	7,511	9,821	7,511	9,821
Total Assets	<u>327,616</u>	<u>255,017</u>	<u>158,971</u>	<u>423,662</u>
<b>Liabilities</b>				
Accounts Payable	1,638	12,237	1,638	12,237
Salaries and Benefits Payable	-	827	-	827
Due to Other Governments	325,978	244,263	159,643	410,598
Total Liabilities	<u>327,616</u>	<u>257,327</u>	<u>161,281</u>	<u>423,662</u>
<b>Future Tax</b>				
<b>Assets</b>				
Cash and Pooled Investments	74,335	71,057	76,273	69,119
Total Assets	<u>74,335</u>	<u>71,057</u>	<u>76,273</u>	<u>69,119</u>
<b>Liabilities</b>				
Due to Other Governments	74,335	71,057	76,273	69,119
Total Liabilities	<u>74,335</u>	<u>71,057</u>	<u>76,273</u>	<u>69,119</u>
<b>Recorder's Electronic Fee Fund</b>				
<b>Assets</b>				
Cash	505	5,949	5,933	521
Due From Other Governments	545	528	545	528
Total Assets	<u>1,050</u>	<u>6,477</u>	<u>6,478</u>	<u>1,049</u>
<b>Liabilities</b>				
Due to Other Governments	1,050	6,477	6,478	1,049
Total Liabilities	<u>\$ 1,050</u>	<u>\$ 6,477</u>	<u>\$ 6,478</u>	<u>\$ 1,049</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (Continued)  
Agency Funds  
Year Ended June 30, 2007

	Balance July 1, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
<b>Drainage Districts</b>				
<i>Assets</i>				
Cash and Pooled Investments	\$ 18,617	\$ 1,346	\$ 675	\$ 19,288
Assessments	2,070	-	2,070	-
Total Assets	<u>20,687</u>	<u>1,346</u>	<u>2,745</u>	<u>19,288</u>
<i>Liabilities</i>				
Due to Other Governments	20,687	1,346	2,745	19,288
Total Liabilities	<u>20,687</u>	<u>1,346</u>	<u>2,745</u>	<u>19,288</u>
 <b>Total All Agency Funds</b>				
<i>Assets</i>				
Cash and Pooled Investments	\$ 1,394,467	\$ 30,310,457	\$ 30,169,599	\$ 1,535,325
Receivables:				
Property Tax	43,041	47,776	43,041	47,776
Future Property Tax	22,924,366	24,413,836	22,924,366	24,413,836
Accounts	45,062	35,910	45,062	35,910
Assessments	14,275	4,742	12,205	4,742
Accrued Interest	761	1,023	761	1,023
Due from Other Governments	21,916	11,827		11,827
Total Assets	<u>24,443,888</u>	<u>54,825,571</u>	<u>53,195,034</u>	<u>26,050,439</u>
<i>Liabilities</i>				
Accounts Payable	1,728	14,538	1,728	14,538
Due to Other Governments	24,439,139	54,819,803	53,227,834	26,031,108
Compensated Absences	3,021	3,966	3,021	3,966
Salaries and Benefits Payable	-	827	-	827
Total Liabilities	<u>\$ 24,443,888</u>	<u>\$ 54,839,134</u>	<u>\$ 53,232,583</u>	<u>\$ 26,050,439</u>

COUNTY OF PLYMOUTH, IOWA

Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds  
For the Years Ended June 30, 2007, 2006, 2005, 2004

	Modified Accrual Basis of Accounting			
	2007	2006	2005	2004
Revenue:				
Property and other county tax	\$ 7,038,897	\$ 6,477,719	\$ 6,066,442	\$ 6,117,788
Interest and penalty on property tax	44,774	51,572	41,285	54,117
Intergovernmental	7,907,071	6,366,280	5,764,705	6,098,652
Licenses and permits	20,915	16,411	19,970	13,720
Charges for services	900,890	1,027,574	714,999	645,852
Use of money and property	427,026	512,097	361,449	325,344
Miscellaneous	288,332	285,461	237,226	298,171
Total Revenue	\$ 16,627,905	\$ 14,737,114	\$ 13,206,076	\$ 13,553,644
Expenditures:				
Current operating:				
Public safety and legal services	\$ 2,486,684	\$ 2,535,343	\$ 2,275,934	\$ 2,026,630
Physical health and social services	255,798	239,609	246,990	314,657
Mental health	1,638,704	1,565,248	1,431,115	1,285,294
County environment and education	778,989	655,145	7,743,681	614,980
Roads and transportation	6,699,545	4,793,094	4,890,445	4,877,358
Government services to residents	618,032	787,097	588,414	535,747
Administration	2,138,733	2,167,003	2,418,039	1,855,790
Non-program services	110,352	327,239	41,639	25,000
Capital projects	1,172,569	1,647,786	2,454,669	2,617,181
Debt service	950,554	941,384	665,329	639,790
Total	\$ 16,849,960	\$ 15,658,948	\$ 22,756,255	\$ 14,792,427

PLYMOUTH COUNTY, IOWA  
Schedule of Expenditures of Federal Awards (Cash Basis)  
Year Ended June 30, 2007

	CFDA Number	Agency or Pass-Through Number	Program Disburse- ments
<b>Direct:</b>			
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation:			
Soil and Water Conservation	10.902	LC-132780	7,800
		LC-172785	5,800
Watershed Protection and Flood Prevention	10.904	LC-033410	40,824
		LC-132780	16,211
			<u>70,635</u>
<b>Indirect:</b>			
DEPARTMENT OF AGRICULTURE			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		8,286
DEPARTMENT OF JUSTICE			
Iowa Department of Justice:			
Crime Victim Assistance	16.575		23,000
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C075(104)-8J	495,422 *
Iowa Department of Public Safety:			
Safety Incentive Grants for Use of Seatbelts	20.604		3,396
Safety Incentives to Prevent Operation of Motor			
Vehicles by Intoxicated Persons	20.605		4,956
			<u>8,352</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		11,099
Child Support Enforcement	93.563		160
Refugee and Entrant Assistance - State			
Administered Programs	93.566		20
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		2,446
Foster Care - Title IV-E	93.658		6,137
Adoption Assistance	93.659		1,246
State Children's Insurance Program	93.767		74
Medical Assistance Program	93.778		14,528
Social Services Block Grant	93.667		7,296
Social Services Block Grant	93.667		71,977
			<u>114,983</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Iowa Department of Economic Development:			
Community Development Block Grant	14.238		140,146
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Iowa Department of Public Defense:			
FEMA	97.036		56,508
Emergency Management Performance Grants	97.042		13,063
Community Emergency Response Teams	97.051		12,655
			<u>82,226</u>
Total Expenditures of Federal Awards			<u>\$ 943,050</u>

\* Total disbursements from this program exceeds 50% of the total federal awards and is considered a major program.

PLYMOUTH COUNTY, IOWA  
Schedule of Expenditures of Federal Awards (Cash Basis) - (Continued)  
Year Ended June 30, 2007

Notes to Schedule of Expenditures of Federal Awards

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Note 1 - **Basis of Presentation** - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Plymouth County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**PLYMOUTH COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2007**

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**Part I: Summary of the Independent Auditor's Results**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:  
CFDA Number 20.205 – Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000
- (i) Plymouth County did qualify as a low-risk auditee

**Part II: Findings Related to the Financial Statements**

**SIGNIFICANT DEFICIENCIES**

**II-A-07: Financial Reporting**

Observation – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the County's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted

**PLYMOUTH COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2007**

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**Instances of Non Compliance**

No matters were reported

There were no prior year audit findings

**Part III: Findings and Questioned Costs For Federal Awards - None**

**Part IV: Other Findings Related to Required Statutory Reporting**

- IV-A-07** Certified Budget – Disbursements for the year ended June 30, 2007 exceeded the amount budgeted in the non-program and debt service function areas.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required in the future.

Conclusion – Response accepted.

- IV-B-07** Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

- IV-C-07** Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- IV-D-07** Business Transactions – There were no business transactions between the County and County officials and/or employees during the year ended June 30, 2007.

- IV-E-07** Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

**PLYMOUTH COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2007**

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**Part IV: Other Findings Related to Statutory Reporting (Continued)**

**IV-F-07** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2007 for the County Extension Office did exceed the amount budgeted.

Recommendation – The budget should have been amended in accordance with the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required in the future.

Conclusion – Response accepted.

**IV-G-07** Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

**IV-H-07** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12b and 12c of the Code of Iowa and the County's investment policy were noted.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors  
Plymouth County, Iowa:

*Compliance:*

We have audited the compliance of PLYMOUTH COUNTY, IOWA with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Plymouth County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Plymouth County's management. Our responsibility is to express an opinion on Plymouth County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Plymouth County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Plymouth County's compliance with those requirements.

In our opinion, Plymouth County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

*Internal Control Over Compliance:*

The management of Plymouth County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Plymouth County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on effectiveness of Plymouth County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely effects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the board of supervisors, employees and citizens of Plymouth County and other parties to whom Plymouth County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
February 29, 2008



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
Plymouth County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of PLYMOUTH COUNTY, IOWA as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 29, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Compliance:***

As part of obtaining assurance about whether Plymouth County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

***Internal Control Over Financial Reporting:***

In planning and performing our audit, we considered Plymouth County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not to provide of expressing an opinion on the effectiveness of Plymouth County, Iowa's internal control over financial reporting. Accordingly, we do not express opinion on effectiveness of Plymouth County, Iowa's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal

control over financial reporting that we consider to be a significant deficiency and material weakness.

A control deficiency exists when the design or operation of the control does not allow managements or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely effects the Plymouth County, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than inconsequential will not be prevented or detected by the Plymouth County, Iowa's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-07 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the Plymouth County, Iowa's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Plymouth County, Iowa's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's response, we did not audit the Plymouth County, Iowa's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the board of supervisors, employees and citizens of Plymouth County and other parties to whom Plymouth County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Plymouth County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
February 29, 2008